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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/010,340	12/05/2001	Owen H. Brown	3263/Brown	7289
26304	7590	06/14/2005	EXAMINER	
KATTEN MUCHIN ROSENMAN LLP 575 MADISON AVENUE NEW YORK, NY 10022-2585			O'CONNOR, GERALD J	
			ART UNIT	PAPER NUMBER
			3627	
DATE MAILED: 06/14/2005				

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	10/010,340	Brown et al.	
	Examiner O'Connor	Art Unit 3627	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE THREE MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on March 18, 2005.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 9, 11-23, 39, and 42 is/are pending in the application.
 - 4a) Of the above claim(s) none is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 9, 11-23, 39, and 42 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on April 1, 2002 is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 - a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Preliminary Remarks

1. This Office action responds to the amendment and arguments filed by applicant on March 18, 2005 in reply to the previous Office action, mailed September 21, 2004.
2. The amendment of claims 9, 11, 12, 14, 17, 20, 39, and 42 by applicant in the reply filed March 18, 2005 is hereby acknowledged.
3. The declarations of Alan S. Klein and James G. Robertson have been entered and considered, but do not overcome the rejection because each declaration is directed solely to the issue of anticipation, whereas the basis of the rejection is the issue of obviousness.

Claim Rejections - 35 USC § 103

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:
 - (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.
5. Claims 9, 11-23, 39, and 42 are rejected under 35 U.S.C. 103(a) as being unpatentable over Cretzler (US 5,644,724), in view of Hanna et al. (US 6,230,928).

Cretzler discloses a method for calculating and debiting sales tax amounts of credit/debit card transactions of a merchant comprising the steps of: receiving an authorization for payment from one of a plurality of credit card issuers for each of one or more credit/debit card transaction authorization requests submitted by the merchant; determining a sales tax amount for each authorized transaction of the merchant; storing information about the tax portion for each authorized transaction of the merchant; receiving a request from the merchant for payment for the authorized transaction(s); determining a tax amount from the stored information; crediting a tax account of the merchant with payment of the tax amount, it being inherent to the method of Cretzler that the credit to the merchant (at the end of a taxing period) is a net credit representing a sum of the payments made during the taxing period. The method of Cretzler, though, involves the merchant paying the tax amount(s) directly to the taxing authorities, rather than depositing the funds into an EFP escrow account for later payment to the taxing authorities on behalf of the merchant.

However, Hanna et al. disclose a similar method, which method indeed includes an EFP escrow account into which sales tax amounts of a merchant are directly deposited for later payment to the taxing authorities on behalf of the merchant. See, in particular, column 11, lines 46-59.

Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have modified the invention of Cretzler so as to send the calculated sales tax amounts to an EFP escrow account for later payment to the taxing authorities on behalf of the

merchant, in accordance with the teachings of Hanna et al., rather than sending the calculated sales tax amounts directly to the taxing authorities, in order for the merchant to collect interest on the deposited funds prior to the deadline for transferring the sales tax funds to the taxing authorities.

Regarding claims 11-14 and 39, management and crediting of the escrow account by any of the parties involved (other than the merchant), including the EFP, a merchant bank, and other credit card transaction processors, and the charging of a fee by the entity managing the account, would be considered well known, hence obvious steps to follow to those of ordinary skill in the art. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler by having any of the entities involved in the transactions, other than the merchant, manage the escrow account and charge a fee for that service, merely as a matter of design choice, since so doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Regarding claims 15-17 and 20, the method of Cretzler includes that each calculated sales tax payment amount represent a tax owed with respect to cardholder transaction associated with the requested payment, wherein the tax owed is determined as a function of a tax rate, associated with at least one of a sales tax schedule, a value-added tax schedule, and a garnishment schedule, for a tax jurisdiction identified to the cardholder transaction, which

inherently includes determining if an item is tax-exempt from sales tax, such that its tax rate would be nil.

Regarding claim 18, increasing a tax rate by a garnishment amount so as to facilitate the collection of back taxes is a well known, hence obvious step to follow for one of ordinary skill in the art. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler so as to increase the tax rate by a garnishment amount, in order to facilitate collection of back taxes, merely as a matter of design choice, since so doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Regarding claims 19, 21, and 22, the escrow account of the method of Hanna et al. comprises a merchant savings account, and the method of Hanna et al. includes providing information about the escrow portion to at least one of the merchant and the escrow account provider, in combination with a sales draft. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler so as to established the escrow account as a merchant savings account and provide information about the escrow portion to at least one of the merchant and the escrow account provider, in combination with a sales draft, in accordance with the teachings of Hanna et al., in order to provide interest payments to the merchant and keep at least one of the merchant and the escrow account provider apprised of the status of the payments.

Regarding claim 23, providing financial account information by means of a secure web page is a well known, hence obvious means of providing information concerning the account to the account holder. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Cretzler so as to provide information concerning the account to the merchant via a secure web site, merely as a matter of design choice, as is well known to do, in order to provide the information as speedily and conveniently as possible, since so doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Regarding claim 42, the method Cretzler accommodates cash transactions as well as credit transactions, thus records the cash transactions and the tax owed/collected from such cash transactions, then remits electronically the amount of cash transaction tax collected/owed together with the amounts collected for credit transactions. See, in particular, Figure 2, especially elements 206 and 216.

Response to Arguments

6. Applicant's arguments filed March 18, 2005 have been fully considered but they are not persuasive.

7. In response to applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on

combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

In particular, the argument that the disclosure of Cretzler fails to include provision for third-party escrow functionality is non-responsive to the rejection, since the rejection points out and addresses the cited/argued omission.

Additionally, the argument that the disclosure of Hanna et al. fails to include certain elements of applicant's claimed invention, the teaching of Hanna et al. relied upon in the rejection was merely for the inclusion/use of a third-party escrow account as a modification to the method of Cretzler. Any differences/omissions between applicant's claimed invention and the disclosure of Hanna et al. relating to other aspects of the Hanna et al. method are irrelevant.

Conclusion

8. The prior art made of record and not relied upon is considered pertinent to the disclosure.

9. Applicant's amendment necessitated any new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the

date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

10. Any inquiry concerning this communication, or earlier communications, should be directed to the examiner, **Jerry O'Connor**, whose telephone number is **(571) 272-6787**, and whose facsimile number is **(571) 273-6787**.

The examiner can normally be reached weekdays from 9:30 to 6:00.

If attempts to reach the examiner are unsuccessful, the examiner's supervisor, Mr. Alexander Kalinowski, can be reached at **(571) 272-6771**.

Official replies to this Office action may be submitted by any *one* of fax, mail, or hand delivery. **Faxed replies are preferred and should be directed to (703) 872-9306.** Mailed replies should be addressed to "Commissioner for Patents, PO Box 1450, Alexandria, VA 22313-1450." Hand delivered replies should be delivered to the "Customer Service Window, Randolph Building, 401 Dulany Street, Alexandria, VA 22314."

GJOC

June 8, 2005



(6-8-05)

Gerald J. O'Connor
Primary Examiner
Group Art Unit 3627